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VALUE OF GOVERNMENT CROP REPORTS

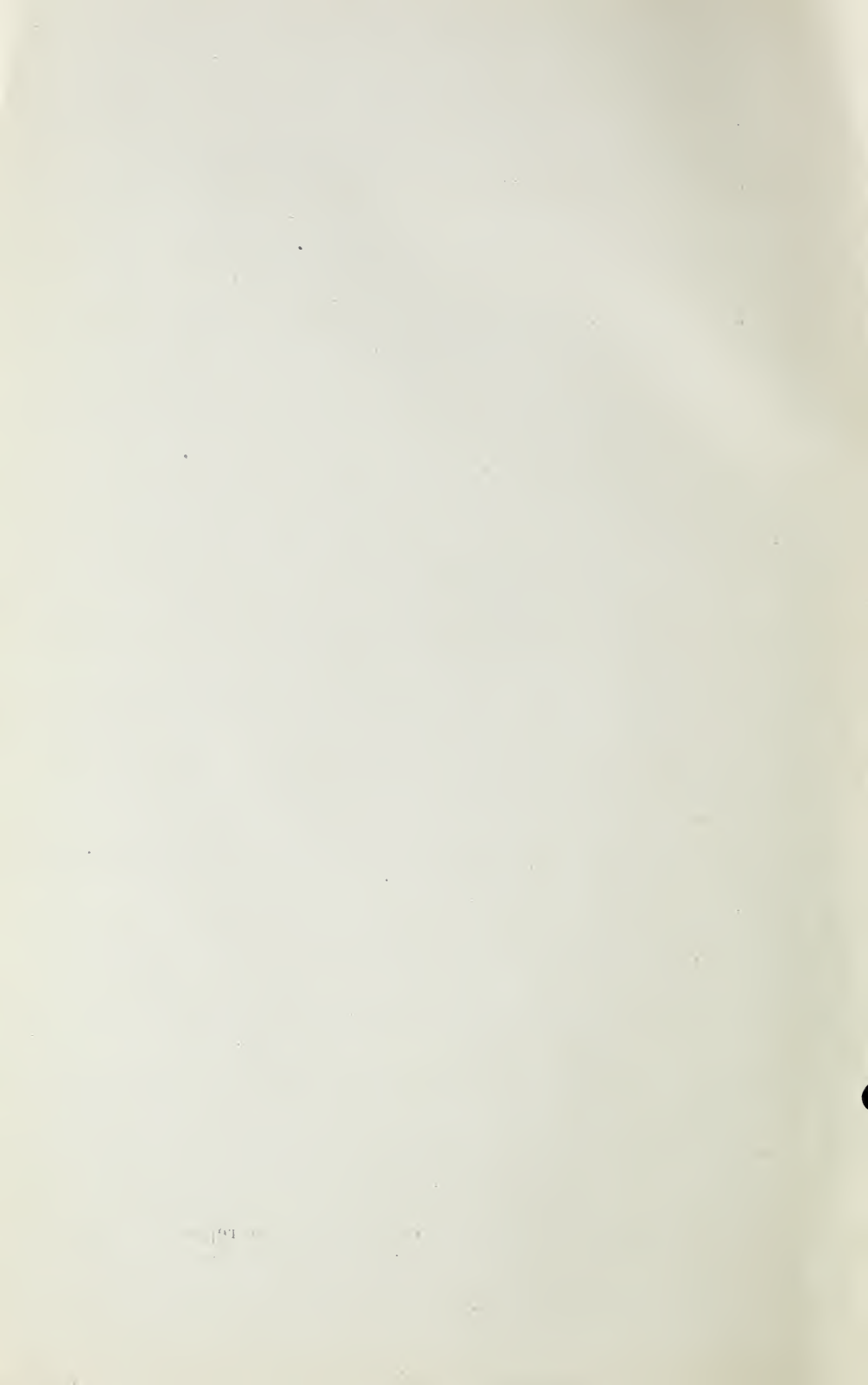
LETTER OF SECRETARY OF AGRICULTURE
IN WEEKLY NEWS LETTER OF
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VALUE OF GOVERNMENT CROP REPORTS.

[A farmer in Oklahoma recently wrote to Secretary Meredith asking his personal opinion of the benefit of crop reports to farmers, and whether the reports play into the hands of the speculators. He also expressed the opinion that the expense of issuing the Monthly Crop Reporter might well be saved to the Government. The Secretary replied in the following letter :]

"I have your letter of May 9, in which you ask several questions regarding the value of the monthly crop reports, which I shall take pleasure in answering.

"Your first question is 'What benefit does the farmer receive from the monthly crop report?' Farmers are benefited directly and indirectly. Because the reports cover crop and live-stock conditions, present and prospective supply, for all States, and because they are unbiased, disinterested, and as nearly accurate as it is practicable to make them, farmers can use the information they contain as a guide to planting and marketing; that is, by observing whether the indicated supply is or will be relatively large or small as compared with previous years the farmer can decide intelligently whether to increase or decrease the acreage in a particular crop, and whether to sell his harvested crop immediately or hold for a probable advance in price at a later date. Hundreds of farmers have written the department that they have profited from a few hundred to several thousand dollars in a single season by regulating their plantings and marketings in this way, and many farmers state they have obtained top prices year after year by studying the crop reports. Every farmer could and should do the same.

REPORTS VITAL TO HANDLING CROPS.

"Indirectly the monthly crop reports benefit farmers in many ways. For instance, all banking institutions study the Government estimates of crop acreages and prospects and the live-stock estimates as a guide to the amount of funds that will be required, and which they will be called upon to advance for financing farmers through the crop season, as well as the movement of crops after harvest. Railroads use the crop reports as a guide in arranging to supply cars when and where needed for moving crops and live stock, so far as cars are available for that purpose. Manufacturers, merchants, dealers, and business men are all interested in the crop report, because it enables them to plan their operations far enough in advance so that

the machinery, farm equipment, and supplies which farmers will require can be supplied when and where needed, thereby avoiding costly and annoying delays; and to the extent that business men avoid losses they can afford to sell at reduced prices, which benefits farmers as well as other customers.

"Crop reports are of fundamental importance to all marketing and distributing agencies, and to the extent that the risk involved in buying farm products and carrying them in storage until needed is reduced, legitimate buyers can operate on smaller margins, and therefore, in competition with each other, they can afford to pay higher prices to farmers. Furthermore, dependable information with respect to crop acreages and crop and live-stock production is necessary for economical and effective work by the Federal Department of Agriculture, the State colleges of agriculture and experiment stations, the extension services and county agents, and all Federal, State, and local agencies organized for the promotion of agriculture. This is especially true of the farm organizations, which are developing rapidly in many States; their first need is for dependable information on the factors of present and prospective supply and demand, which greatly influence prices. Crop and live-stock statistics furnish national and State legislators the only sure basis of wise legislation in the interest of agriculture. It should be remembered also that the data regarding acreages, numbers of live stock, and total production by States, and for the United States, collected and published by the Bureau of Crop Estimates, afford the only dependable information of this character which is available between the 10-year censuses, and this information helps farmers by advertising the actual resources of their States, as well as by giving them current information as a guide to planting and marketing operations. Few people realize that most of the crop and live-stock data which appear in the farm and city press weekly and monthly are derived almost wholly from the crop and live-stock reporting service of the Department of Agriculture.

RESULTS FAR OUTWEIGH COST.

"I note your reference to the cost of publishing the Monthly Crop Reporter. The entire cost of the Bureau of Crop Estimates for furnishing information with respect to more than 60 crops and 6 classes of live stock on nearly 7,000,000 farms monthly and annually in 48 States is about the same as the cost of the ginning reports issued by the Census Bureau on the one-crop cotton, which is grown in only 15 States. Many corporations spend more money for an accounting and statistical service than the entire cost of the statistical service of the United States for agriculture, which is an \$80,000,000,000 industry. The estimates of the commercial apple and peach crops, which is a

minor feature of the bureau's work, is said to have been worth more than a million dollars to the apple growers alone last year, or nearly three times the entire cost of the bureau. The president of a county cooperative potato association in Minnesota, when it was reported that Congress was about to reduce the appropriation of the Bureau of Crop Estimates, telegraphed that the potato reports alone were worth more than \$100,000 to the growers of that one county last season, or nearly one-third the entire cost of the crop and live-stock reporting service. There are about 3,000 counties in the United States. In fact, considering the interests involved, it is believed that the appropriation for this work, which is of such great practical and financial value to nearly 7,000,000 farmers, should be increased in order that the crop-reporting service may be expanded and improved. As a matter of fact the present cost of the Bureau of Crop Estimates represents a tax of about a 1-cent postage stamp for every three persons in the United States.

LACK OF MONEY HINDERS WORK.

"You state that the Monthly Crop Reporter is a mass of figures which are not read or remembered. The value of a mass of figures lies in the comparisons which are made, one date with another, to show the relative increase or decrease, and figures are necessary for this purpose. The Bureau of Crop Estimates realizes that there are many people who do not know just how to use tabulated figures for making comparisons, but because of the inadequate appropriation the bureau has no funds with which to employ a few competent men to summarize, analyze, and interpret the tabular statements and to show by means of short text statements illustrated by diagrams just what the figures mean, and even if such statements and diagrams were prepared at the present time they could not be printed because of lack of funds. That is why the Bureau of Crop Estimates is forced to condense and to present its material mostly in the form of bare figures. Congress was asked for a small increase in the appropriation for this very purpose, so that the real facts disclosed by the figures might be presented so clearly that anyone could understand them without reference to the figures, but Congress not only failed to grant any increase but actually reduced the appropriation.

"You further express the opinion that the monthly crop reports play directly into the hands of the speculators. As a matter of fact, the contrary is true. Speculation thrives and depends upon lack of information, uncertainty, and confusion on the part of farmers and the public. Crops and live stock are grown in the open and can not be hid. Speculators have their own means of getting information and no one can prevent them. Speculators get information all the

time, by letter and by telegraph, through traveling salesmen, local buyers and dealers, country merchants and bankers, through crop experts employed by them at high salaries, and through various private crop reporting agencies. Were it not for the Bureau of Crop Estimates, which is a disinterested Federal agency through which farmers can pool information regarding local conditions and have it summarized by the bureau into an accurate report for the whole country, farmers and the public would be at the mercy of speculators who would be free to issue any sort of misleading reports designed to influence prices to their own advantage, and farmers would have no means of checking them up. The crop reports injure no one but the speculators, who could well afford to pay many times the entire cost of the bureau to have the Government crop reports discontinued or discredited. In fact, the only influential request received by the department from any source in recent years for the suppression of the crop report came from one of the largest speculative exchanges in the country. In their own interest and in the interest of agriculture generally, farmers should cooperate with the Bureau of Crop Estimates by reporting conditions in their neighborhoods, and should not criticize or disparage the crop reports as inaccurate or detrimental to the interests of farmers because by doing so they are likely to play directly into the hands of the speculator.

REPORTS ARE OF GENERAL INTEREST.

"You say that it does not help the northern farmer to know in August that cotton is 25 per cent short, or the cotton farmer to know that corn is 30 per cent of normal. I think you are greatly mistaken in this. Farmers are consumers as well as other people, and are therefore interested in the present and prospective supply and prices of the things they have to buy. The northern farmers, as well as all other consumers, are directly interested in the size of the cotton crop, because the size of the cotton crop has a direct bearing on the price of cotton and of the clothing made from cotton. In the same way the cotton grower is directly and financially interested in knowing the prospective size of the corn crop, because many cotton growers must still buy corn for feed, and this is an important item in the cost of producing cotton. Furthermore, the northern corn grower and the southern cotton grower are alike vitally interested in knowing the prospective size of these crops in all States, because the selling prices of both crops are determined in considerable measure by the relative supply, and the selling prices of their crops determine whether or not their farm business is to result in a profit or in a loss.

"Farmers should realize that the prices of their products are determined largely by the relative supply, because the demand

remains fairly constant, and that the law of supply and demand which determines or influences these prices is not limited to any particular county or State, but is nation-wide, and for some crops world-wide. Regardless of what is grown in your own county, or even in your own State, the price you get for what you have to sell will depend largely upon what is produced by farmers in other States and countries; and before you can decide intelligently whether it will pay you to grow more or less cotton, or corn, or any other crop, or whether to sell your crop or live stock now or to hold it until later on, you must know something about the relative supply produced in other States and countries. It is this information which the Government crop reports supply more accurately and more dependably than any other agency, and it is this sort of information which farmers must learn to use, as it will help them to make their business profitable.

FARMERS URGED TO HELP.

"I am glad that you wrote directly to the department and expressed your doubts frankly relative to the value of the Government crop reports, so that I can answer your questions in the same spirit. I wish it were possible to place a copy of this letter in the hands of every farmer in the United States in order that he might know that the crop and live stock reporting service of the Bureau of Crop Estimates is probably the best of its kind in the world; that it was established more than half a century ago and has since been maintained primarily for the benefit of farmers and business men; that it is an absolutely unbiased, nonpartisan, business service, as nearly accurate as it is possible to make it, and therefore the most dependable source of information available to farmers and the public; and that, to be of greatest practical value, farmers should cooperate with the bureau in supplying information for their neighborhoods, and should have full confidence in the Government crop reports and make practical use of them."

"Will you please let me know whether I have answered fully and whether you feel now the reports are of value to the farmers?"

